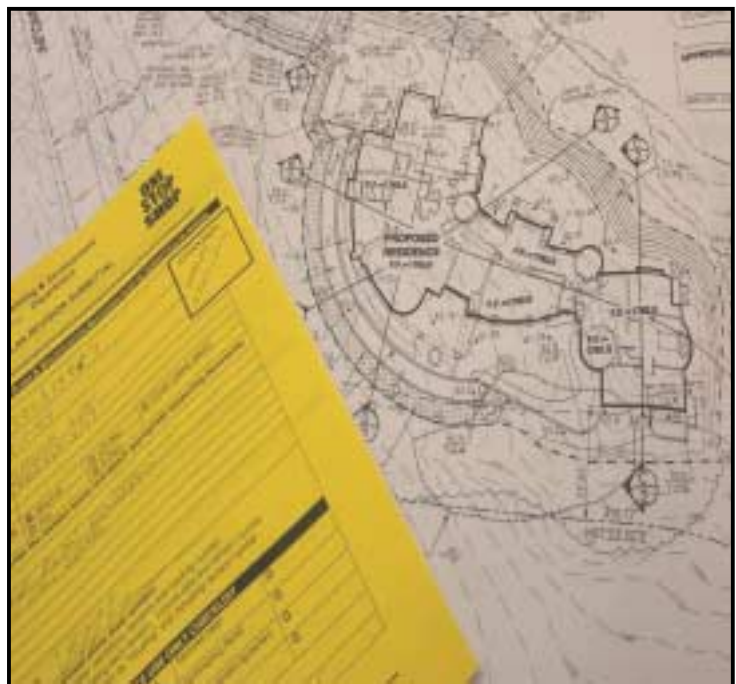




Internal Audit Report

**Planning and Development
June 2004**



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June 30, 2004

Andrew Kunasek, Chairman, Board of Supervisors
Fulton Brock, Supervisor, District I
Don Stapley, Supervisor, District II
Max W. Wilson, Supervisor, District IV
Mary Rose Wilcox, Supervisor, District V

We have completed our review of the Planning and Development Department (P&D). This audit was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- Building permits are not issued in a timely manner due to an inefficient plan review process and inadequate management monitoring controls. Planning and Development reported that lack of staff also contributed to the plan review inefficiency.
- The department does not always assess and collect fees for all permit work performed
- An effective system has not been established to identify and collect all fees due on inactive permits

Within this report you will find an executive summary, specific information on the areas reviewed, and P&D's response to our recommendations. We have reviewed this information with the Director and appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Eve Murillo at 506-7245.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

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Executive Summary

Plan Review Process (Page 7)

Planning and Development does not issue building permits within the timelines set by the department's Strategic Business Plan, approved by the Board of Supervisors. In addition, the department has not developed adequate procedures to properly manage and monitor plan review operations. Plan review processing time delays and inefficiencies in meeting permit turnaround time goals have resulted in significant customer dissatisfaction. Planning and Development should review and improve the plan review process in order to meet established goals and improve customer service.

Fee Assessment and Collection (Page 11)

Planning and Development has not developed monitoring and system controls necessary to ensure that applicable permit fees are assessed and charged to customers. We tested a sample of Planning and Development permits and found \$17,600 in fees that the department did not assess or collect, which represents 51% of the potential revenues in the sample. Given the total number of permits, an additional \$56,000 in fee revenue may not have been assessed and/or collected by the department. Planning and Development should develop controls to improve the fee review assessment and collection process.

Inactive Permits (Page 14)

Planning and Development has not established an effective system to monitor inactive permits. Our review of 50 inactive permits identified up to \$107,450 in fees that the department had not collected for permit review work performed. Planning and Development should develop policies, procedures, and monitoring controls for inactive permits.

Expenditures (Page 16)

Planning and Development complies with County guidelines for general supplies expenditures. However, we found that the department does not consistently follow County travel policies, which increases the risk that employees may abuse travel expenditures. Planning and Development should strengthen controls in this area.

Performance Measure Certification (Page 17)

Planning and Development's complete data for its One Stop Shop Program Key Result Measure is not yet available. This is the only program key measure the department has established for the One Stop Shop, however, the measure does not appear to address Planning and Development's success in meeting the One Stop Shop goal. Also, data gathering activities are cumbersome. Planning and Development should reassess the Key Result Measure for the program.

Introduction

Background

Arizona law requires counties to establish a planning and zoning commission to conserve and promote public health and safety and to provide for the future growth and improvements of jurisdictional areas. The Maricopa County Board of Supervisors (BOS) established a Planning and Zoning Commission in 1951, when the County issued its first building permit. The County adopted its first Uniform Building Code in 1975.

The Maricopa County Planning and Development Department (P&D) was formed in 1980 when the County's Building Safety and Planning departments were combined. P&D is responsible for coordinating all private property improvements and establishing and enforcing rules, regulations, and ordinances applicable to development within the unincorporated portion County. The following laws, County codes, ordinances, and policies govern P&D activities:

- Arizona Revised Statute Title 11, which includes Arizona's Growing Smarter legislation
- Various building codes adopted and approved by the BOS
- P&D Development Business Directive Manual and the County Administrative Policies and Procedures Manual

P&D's mission is to provide planning and development services to constituents of unincorporated Maricopa County so they can responsibly develop and enjoy real property. P&D has developed goals for the County's Managing for Results (MfR) program that support the department's mission, strategic plan, and goals for three programs: Administration, Information Technology, and the One Stop Shop.

Organizational Structure

P&D is organized into three divisions, Planning, Development, and Business Services, which perform the following functions:

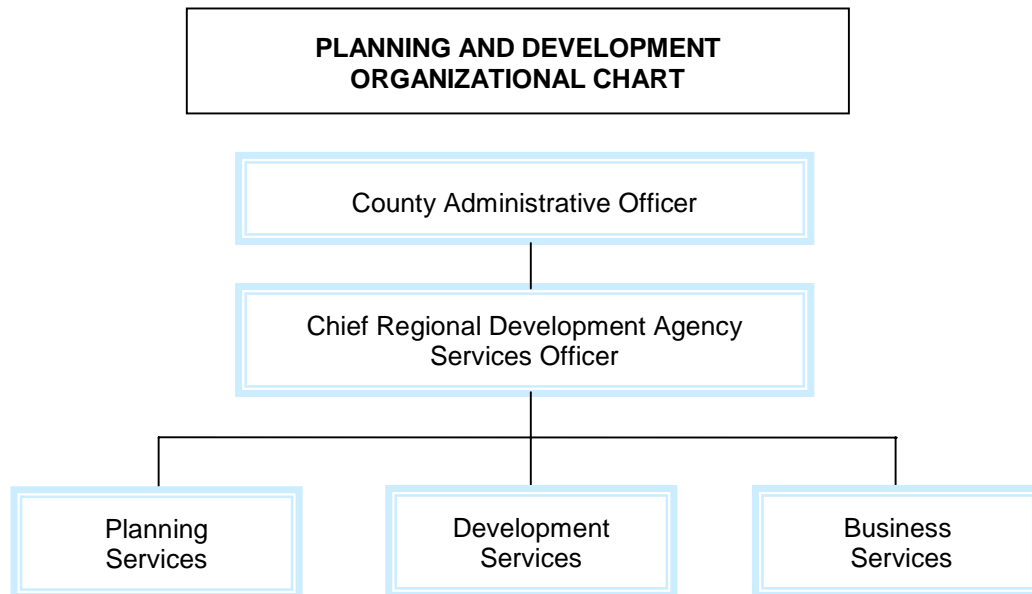
Planning Services: This division includes Comprehensive Planning for County areas, handles Planning and Zoning issues and related hearings, and oversees the Board of Adjustment, which gathers and presents information for variance hearings. Planning Services also monitors the Code Enforcement section that responds to citizen complaints and enforces statutory ordinances and regulations.

Development Services: This division is comprised of Plan Review, Inspection Services, and Customer Services. The Customer Service function provides the initial interface with customers applying for permits; it verifies applications are complete, ensures property addresses are legal and correct, and distributes application documents and copies of plans to appropriate P&D sections for review. The Plan Review section is responsible for ensuring that construction and building plans

comply with zoning and building ordinances, laws, and regulations. The Inspection section then ensures that actual construction complies with plans and standards.

Business Services: This division supports the other P&D divisions and includes Information Technology and the Financial/Administrative functions. Information Technology (IT) maintains the Permits Plus system, which is the backbone of the One Stop Shop strategic plan to deliver streamlined permit and related services. IT also develops interfaces that allow for flow of data and reports within P&D.

P&D's organizational structure is shown below.



Program Operations

P&D's One Stop Shop (OSS) was conceived and developed to improve the level of customer service for those who develop property in unincorporated Maricopa County. The OSS is intended to be a single location business enterprise for handling development services so customers do not have to visit multiple County locations (Flood Control, MCDOT, Environmental Services, etc.). When the One Stop Shop was planned, volumes were anticipated to peak and stabilize at 10,000 permits per year. P&D established sufficient staff to handle that volume. However, since 2000, the quantity of customer-submitted permits and associated workload has exceeded the strategic plan levels and staff has been unable to keep pace. As a result, the department's turnaround time for permit reviews and issuance has been unfavorable. Permit volume and other workloads are shown in the following table.

WORKLOADS	2000	2001	2002	2003
Permit Applications Received	14,057	11,089	14,346	15,754
Permits Issued	12,941	9,999	12,906	12,841
Building Inspections	235,960	301,852	349,668	248,730
Zoning Clearances	12,941	9,999	12,906	12,841
Zoning Violations	1,140	1,059	1,235	1,590
Zoning/Special Use Applications	193	163	161	126
Board of Adjustment Applications	86	91	119	159
Subdivision Applications	128	99	81	91
Code Enforcement Inspection	3,062	3,168	4,174	4,768

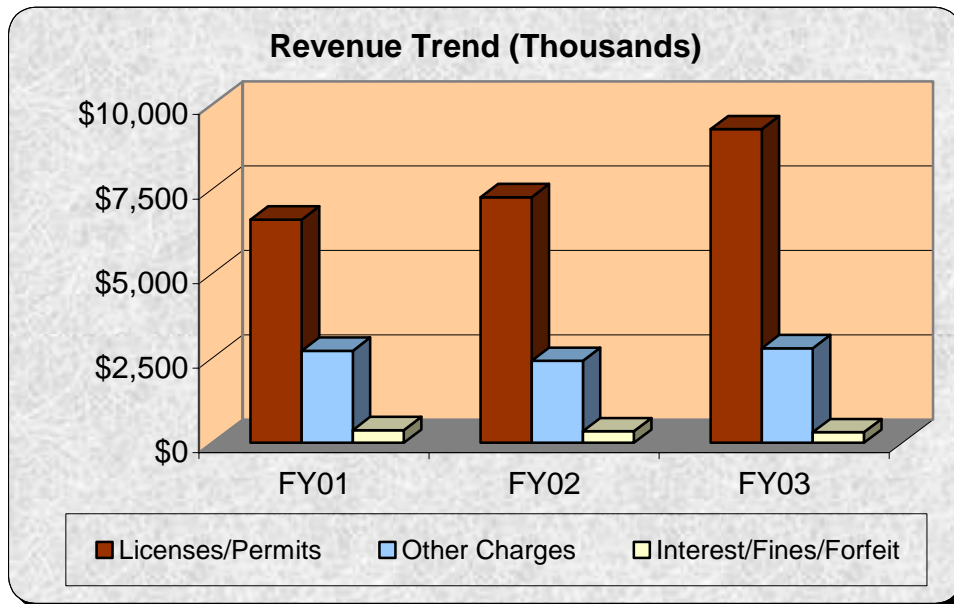
At the planned volume of 10,000 permits, P&D assigned staffing levels to annually handle an average of 77 permits per position. However, as of January 2003, the average workload was 134 permits per position. Effective January 2004, the Board approved 33 positions, increasing P&D staffing to 159 employees. The additional positions will reduce the average workload to 106 permits per position, still higher than original planned levels.

PERMITS PER POSITION			
	GOAL	ACTUAL	VARIANCE
January 03	77	134	57
January 04	77	106	29

P&D has not met its original goals for customer service deliverables. The P&D Fall 2003 Customer Service Survey reflected good results for the attitude and helpfulness of P&D counter personnel. However, the turnaround time for plan reviews, a primary deliverable, was rated unsatisfactory. The goal for two-week turnaround lagged to over three months in some cases.

Financial Information

Permits and licenses generate the majority of P&D revenues. As shown in the graph, revenues have increased over the past three years, largely due to permit application volumes. Expenditures have remained stable; general supplies and contracts reflected no material variances.



Scope and Methodology

The objectives of this audit were to determine if P&D's:

- Plan Review process is effective, efficient, and timely
- Inactive permits are regularly reviewed and aged, uncollected fees billed
- Fees are correctly calculated, assessed, and collected
- Material expenditure variances are properly authorized and documented
- MfR Key Performance Measure data is accurate, reliable, and valid
- IT access and data controls are in place and protect County and department systems

This audit was performed in accordance with generally accepted government auditing standards.

Department Reported Accomplishments

Planning and Development has provided the Internal Audit Department with the following information for inclusion in this report.

- According to a 2003 Benchmarking Study, the Maricopa County Planning and Development Department processed the highest volume of permits with the fewest staff resources among surveyed peer communities, including Phoenix, Mesa, Tempe, Chandler, Gilbert and Pima County.
- Of the 15,464 permits submitted to the department in 2003, more than a third were processed with a one-week turnaround as part of the department's Expedited Permit Program. This program guarantees the business community timely, consistent service delivery.
- The Maricopa County Planning and Development Department remains among the most affordable development service agencies in the Valley based upon a 2001 multi-jurisdictional development fee study coordinated by the city of Phoenix.
- The Maricopa County Planning and Development Department received an "A" in a countywide Internal Audit Department FY 2004 Customer Service Review, which tested initial telephone and in-person customer service.
- Over 90 percent of the respondents in a September 2003 Customer Service Survey said that they were very satisfied or satisfied with the courtesy, respect and attitude of Planning and Development staff. Of those respondents, 65 percent were very satisfied.
- The Maricopa County Planning and Development Department established its own network domain to directly control its information technology infrastructure. This advancement opens the way for the implementation of increased automation and additional efficiency enhancements.
- The Maricopa County Planning and Development Department has completed the following programmatic and organizational improvements to implement the One Stop Shop Program:
 - Restructured to facilitate service delivery, including adding financial services and technology services divisions;
 - Established itself as a Special Revenue department;
 - Reduced the rate of staff turnover;
 - Increased employee satisfaction;
 - Increased staff expertise through an emphasis on training and qualifications;
 - Implemented a civil hearing officer process to adjudicate code enforcement violations;
 - Revised the Subdivision Regulations and reorganized and reformatted the Zoning Ordinance; and
 - Implemented an Illegal Dumping Program.
- The Maricopa County Planning and Development Department has brought new, integrated technology services to the public as part of the One Stop Shop program:
 - Permits Plus database system established, providing a single, customer information database for four county departments (1999)
 - PlanNet service launched - an Internet mapping service to assist customers and staff with information on real property (2001)
 - Integrated Voice Recognition (IVR) system implemented allowing customers to phone in to schedule next day inspections (2002)
 - Permits Plus web module deployed allowing customers to check permit status and schedule inspections via the Internet (2002)
 - Inspections staff field-deployed through use of new wireless technology, lowering overhead and travel expenses and increasing service efficiencies (2003)

Issue 1 Plan Review Process

Summary

Planning and Development does not issue building permits within the timelines set by the department's Strategic Business Plan, approved by the Board of Supervisors. In addition, the department has not developed adequate procedures to properly manage and monitor plan review operations. Plan review processing time delays and inefficiencies in meeting permit turnaround time goals have resulted in significant customer dissatisfaction. Planning and Development should review and improve the plan review process in order to meet established goals and improve customer service.

Standards and Goals

P&D's One Stop Shop vision and strategic goal is to provide planning and development services that are safe, consistent, and timely to customers. In 1999 the BOS adopted the P&D Strategic Business Plan, establishing Plan Review service level goals. The goals were based on volumes of 10,000 annual permits and 18 Plan Reviewers. Service level turnaround goals are as follows:

- Single Family Residence Review 10 days
- Single Family Residence Standard Plans 2 days
- Commercial Permit Review 15 days
- Certificate of Occupancy 5 days

Plan Review Process

To address concerns of developers and builders, P&D successfully installed an expedited permit process for developers and builders who use "standard" plans for subdivision or tract residences, and who are willing to set up Trust Accounts for fees. Plans are initially approved and are then considered "standard." P&D guaranteed these builders an expedited five-day turnaround on standard plans, as P&D could not meet its two-day goal. Our testing did not include the expedited plans as that function appears adequate. **All other references to Plan Review in this report exclude expedited standard plans.**

We examined P&D's permit process from receipt of application through final approval and permit issuance. We interviewed managers, supervisors, plan reviewers, and P&D Distribution Center staff to identify interruptions that impact Plan Review productivity. We judgmentally selected 26 of 215 (12%) new permits, submitted between 10/16/03 and 11/26/03. We created a tracking time line to validate time spent in various processes and to identify/measure time lags. We also monitored incoming applications and revisions during the audit to determine backlogs and delays in immediate receipt and processing.

Plan Review Testing and Results

Our review found that P&D does not issue permits in a timely manner and the Plan Review processing cycle is not efficient.

We found:

- Excessive time delays
- Workload backlogs
- Underestimated and escalating workload volume

The test results for the 26 permits revealed only 38.5 percent of submitted permit applications had been completed and issued as of 2/9/04. The permit data test results are summarized in Table 1 below.

Summary of 26 Permit Submittals (Table 1)			
Number of Permits	Status	Percentage	Average Days in Process
10	Issued	38.5%	59
11	In Plan Review	42.3%	95 *
4	Awaiting Revision	15.4%	95
1	Terminated	3.8%	
26 TOTAL		100% TOTAL	
* The longest number of outstanding days for a permit in process in the sample is 116 days (16 weeks)			

Permits Plus system data also provided specific causes for plan review delays.

- Six permits were assigned to reviewers in mid-November but management failed to ensure plan reviews were in process. These permits, on which reviews still had not been started in late December, were assigned to other reviewers and completed within a few days.
- Eight permits requiring one or more revisions (some revisions have been received) remain outstanding and one permit, submitted to combine two mobile homes into one, violates the zoning code (this permit remains open).

The average times in the various permit process phases are shown in Table 2 on the following page.

Average Time in Process Phases (Table 2)		
Process	Days	Conclusion
Days to route an Application to Addressing	2	Time appears reasonable
Days in Addressing, with return to Distribution	3	Time appears reasonable as some addresses need to researched
Days to route from Distribution to Plan Review	1	Time appears reasonable
Days for Plan Review to clear Distribution bins, assign plan reviews, and distribute to reviewers	6	Time appears excessive
Days in Plan Review based on 26 permit test sample (Lag time largely in Building and Zoning reviews)	59 to 116	Time is excessive

Plan Review Impediments

Four major factors contribute to the Plan Review process inefficiencies:

- Inadequate Plan Review Management and Monitoring

P&D supervisors do not proactively identify and address Plan Review process problems. Due to work volume, supervisors reported they were involved in hands-on permit work, without sufficient time to manage. Management has not developed tracking controls, such as individual plan reviewer logs of assigned work and hours per project. All incoming work is not reflected on the Plan Review Assignment Log; only new permits are input on the log, understating the work volume, which includes revisions, minor permits, and “as-builts” (non-permitted structures previously built). Revisions and minor permits impact the new permit process. Management did not previously assign zoning and building reviews simultaneously, which created an unnecessary delay for Building reviews.

- Permit Assignments

Permit plans and revisions are not picked up from P&D’s Distribution Center and assigned daily. Management reported that plans are assigned twice a week, however, Plan Review Assignments Logs for October 2003 through January 2004 revealed assignments were not made twice weekly. Delayed assignments impede the process.

- On-call System

The Plan Review section handles on-call assignments, which significantly hamper individual workflow and interrupt detail focus of plan reviewers. Internal Audit calculated the estimated productivity loss (20 to 45 percent per week) for each of ten on-call individuals (one building and one zoning reviewer each day). The one-day on-call assignment actually requires one and one-half days to complete.

- Lack of Permits Plus Technology Exception and Monitoring Reports

The Permits Plus technology base now allows for extensive data capture on permits, including comments at various stages of permit review process. Because more data is captured, tracking and monitoring functions are critical for overall effectiveness. Management has not developed the needed exception reports and system flags for tracking, monitoring, and identifying process delays and other critical issues. No system controls currently exist to ensure that every permit submitted is approved and issued, cancelled, or terminated.

Effect

The Plan Review process delays prevented P&D from meeting customer service goals for permit turnaround time and have caused significant customer dissatisfaction, as reported in the Fall 2003 P&D Customer Service Survey. Plan Review workloads do not appear to be effectively estimated and managed, and exceed the production-per-position volume in the original strategic plan. Lack of quality control over plan reviews increases the risk that approved permits do not meet zoning and building codes. Lack of monitoring has resulted in inactive permit, files and unassessed fees.

Recommendation

P&D should:

- A. Develop procedures and business rules that provide Plan Review directives and consistent methodologies, assign accountability for monitoring adherence to policies, and better define plan review functions.
- B. Investigate options, using the Permits Plus System, to produce management tracking and monitoring logs and reports for critical Plan Review functions. These documents should address plan reviewer and supervisor accountability, identify critical time delays, workloads, and permit disposition.
- C. Review the entire on-call process and determine actions to make the process more efficient, better for the customer, and less interruptive to plan reviewer productivity.
- D. Pick up, assign, and deliver all plan review permits and revisions daily.



Customer plans awaiting plan review or customer pick-up

Issue 2 Fee Assessment and Collection

Summary

Planning and Development has not developed monitoring and system controls necessary to ensure that applicable permit fees are assessed and charged to customers. We tested a sample of Planning and Development permits and found \$17,600 in fees that the department did not assess or collect, which represents 51% of the potential revenues in the sample. Given the total number of permits, an additional \$56,000 in fee revenue may not have been assessed and/or collected by the department. Planning and Development should develop controls to improve the fee review assessment and collection process.

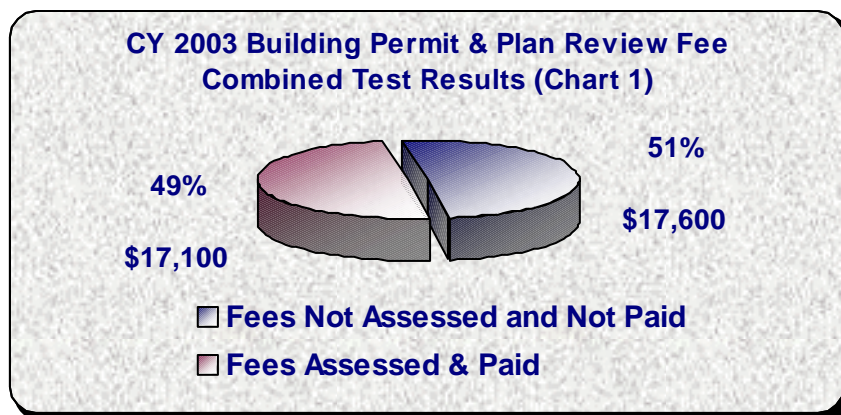
County Fee Adoption

The Board is authorized under State law to charge reasonable fees to issue permits. The Board-approved permit fees are listed in the *Maricopa County Local Additions and Addenda*. To ensure fees are properly billed and collected, adequate controls should be established for accurate databases maintenance, segregation of duties, and collections monitoring.

Fee Verification and Testing

P&D charges fees for permit reviews when customers request development permits. Plan reviewers input data into the Permits Plus system, which then calculates the property valuation based on rate tables. Plan reviewers must manually enter a “Y” (yes) in fee boxes and click the “update” button in order for the system to calculate a fee and post it as due. When customers pick up their permits and pay the fees, the permit status is updated to “issued.”

Using P&D’s 2003 permits, we requested a list where building permit, plan review, and zoning fee boxes (where the largest portion of fees are due) were not checked to assess fees. We selected a judgmental sample of 60 items, representing \$34,700 in potential fees, to determine why fee boxes were not checked, if fees were correctly assessed, and if customers paid the fees in full. Based on our sample permits, we identified a 58 percent exception rate (35 of 60) in assessing building permit and plan review fees. This exception resulted in \$17,600 of the potential \$34,700 (51%) fees not being assessed and billed, with only \$17,100 (49%) assessed and paid.



We identified, by type of permit, the proportion of fees that were not accurately assessed. Building permit fees accounted for the largest portion of unassessed fees in our sample. Our sample found 61 percent of Building Permit fees and 16 percent of Plan Review fees were not assessed, shown below. Applying our exception rate to the permit population with unchecked fee boxes represents a potential \$56,000 in additional lost revenues.

Fee Type	No of Permits	Not Assessed and Not Paid		Assessed and Paid	
Building	29	\$ 16,300	61 %	\$ 10,430	39 %
Plan Review	6	1,300	16 %	6,670	84 %
Totals	35	\$ 17,600		\$ 17,100	

As mentioned, plan reviewers must manually enter a “Y” (yes) into the fee boxes and update the Permits Plus screen for the system to post a fee. P&D staff stated several reasons contributing to fees not being collected:

- Inadequate training: Employees were not aware they needed to enter a “Y” in the fee boxes and update the screen.
- Lack of attention to detail: Employees forgot to enter “Y” in the box, forgot to “update,” or entered information in the wrong box.
- Absence of monitoring controls: P&D has not developed Permits Plus system reports or flags to identify permits with unassessed fees.
- Inadequate expertise: P&D has Quality Control staff who ensures that all division/agency approvals are completed before issuing the permit to the customer. The staff verifies if fees are recorded, but lacks the expertise to determine if appropriate fees have been assessed and should be charged.

Revenue Impact

P&D is losing potential permit fee revenue for its operation. The department has not developed adequate monitoring and tracking controls to prevent additional losses, and it lacks effective quality control.

Recommendation

P&D should:

- Develop and establish adequate controls, including system exception reports and flags, for monitoring permit fees to ensure applicable fees are assessed to all permits. Management should investigate whether fee boxes can be automatically defaulted to assess fees, with a waiver of fees requiring supervisor approval.

- B.** Provide additional training on the Permits Plus fees/fee box process for employees to strengthen understanding and establish accountability.
- C.** Determine how much of the \$17,600 in unassessed fees can be billed, and collect the additional fees due.
- D.** Management should consider researching additional permits, for a determined time period, to identify unassessed fees and recover them where possible.

Issue 3 Inactive Permits

Summary

Planning and Development has not established an effective system to monitor inactive permits. Our review of 50 inactive permits identified up to \$107,450 in fees that the department had not collected for permit review work performed. P&D should develop policies, procedures, and monitoring controls for inactive permits.

Recommended Procedures

Professional accounting guidelines recommend adherence to the following controls and procedures for managing revenues and receivables:

- Assure that customer database and records are accurately maintained to bill amounts due.
- Establish adequate billing procedures to ensure timely payment and to identify unusual payment patterns.
- Review delinquent accounts for charge-off on a timely basis and execute legal remedies to collect charged-off or uncollectible accounts including liens.

Maricopa County Zoning Ordinances require a \$25 fee be charged for any request for zoning clearance with no provision for refund.

Fees Due on Inactive Permits

P&D collects fees for performing multiple reviews of permit applications, including building permit, building investigation, plan review, addressing, zoning, drainage clearance, flood plan review, and flood site inspection. Permit reviews may be delayed for various reasons and become inactive if no activity takes place after 180 days. Depending on the review work completed and the status of the permit, P&D may be entitled to the fees due on inactive permits.

We reviewed 50 of 1,429 (3.5%) inactive permits, originally submitted between FY 1999 and FY 2002. Our review identified the following control weaknesses:

- 40 of 50 (80%) permits have a minimum of \$65,420 in total uncollected fees due for review work performed. The maximum amount that may be collectible with research and follow-up totals \$107,450. The table on page 15 shows the current Permits Plus status of the permits.
- P&D has not established procedures to monitor the status of inactive permits to ensure customer follow-up and collection of applicable fees. Less than one-third of hardcopy and system permit files reviewed indicate the customers were contacted.
- The Permits Plus system detail does not always reflect the true permit status. The system reflected numerous permits with approval dates, but when researched, we found permits were not ready for approval; outstanding issues remained unresolved.

- Customers are notified when permits are approved and customers should pay fees when plans and permit are picked up. Several approved permits had not been picked up and had no fees paid. We were unable to determine if customers had started to build structures, based on approvals, as P&D has no procedures for the Inspection Division to perform inspections unless requested by the customer.

STATUS OF INACTIVE PERMITS WITH OUTSTANDING FEES			
Approved	11	Canceled	1
In Plan Review	10	Expired	1
Plan Review Expired	2	Withdrawn	3
Resubmitted	12	TOTAL	40

Revenue Impact

P&D has not actively researched or attempted to collect potential lost revenue (between \$65,420 and \$107,450) for assessed fees on inactive permits. If a system is not established to monitor inactive permits, other fees may go uncollected.

Recommendation

P&D should:

- A. Develop policies and procedures for monitoring/tracking inactive permits on a regular basis, and investigate system control mechanisms to flag and report inactive accounts. The procedures should require management controls and approval in the Permits Plus system in order to reverse uncollectible fees.
- B. Research all current inactive permits to identify potential collectibles and initiate collection action to recover fees for work completed on inactive permits.
- C. Notify Flood Control District (FCD) of those flood drainage clearance and engineering fees that have been unassessed and/or are uncollectible so that FCD can assess and post, or reverse fees, as applicable.

Issue 4 Expenditures

Summary

Planning and Development (P&D) complies with County guidelines for general supplies expenditures. However, we found that the department does not consistently follow County travel policies, which increases the risk that employees may abuse travel expenditures. P&D should strengthen controls in this area.

Travel Guidelines

County travel policies require that a Travel Authorization/expense report be completed and approved by the department director or designee, and costs for lodging/meals must be within authorized amounts. Insurance waivers should be declined for vehicles used for County/Special Districts business. Departments must maintain adequate documentation to support expenses.

General Supplies and Travel Expenditures Review

General Supplies: We reviewed 12 invoices totaling \$192,000 (70%) of the \$275,000 in P&D's FY 2003 general supplies expenditures and found no exceptions. Our sample testing showed P&D follows established guidelines. The department applied appropriate levels of approvals.

Travel and Education: Seventeen invoices totaling \$41,000 (59%) of the \$69,000 FY 2003 travel and education expenditures disclosed the following exceptions to County policy requirements:

- As of January 2004, P&D had not recovered \$2,495, paid in 2002, for a January 2003 seminar that an employee did not attend. Management allowed the vendor to retain funds believing the employee would reschedule and attend the seminar at a later date.
- \$498 was reimbursed to employees for hotel expenditures without appropriate receipts.
- Two employees accepted liability insurance on rentals in violation of County policy and an employee was reimbursed \$20 too much for a car rental due to incorrect receipt verification.

Loss Potential

When employee travel reimbursements and expenditures are not supported by original receipts and adequate documentation, or not covered under County policy, the County is exposed to financial risk and potential loss. If employee training expenditures are not adequately reviewed and monitored for proper usage, County funds may be used for unauthorized purposes.

Recommendation

P&D should:

- A. Request reimbursement from the vendor for unused training dollars, or use the funds, and request future reimbursement in a timely manner.
- B. Consistently follow County Travel policy by reimbursing employees only for expenses that are properly supported and are covered under the policy.

Issue 5 Performance Measure Certification

Summary

Planning and Development's complete data for its One Stop Shop Program Key Result Measure is not yet available. This is the only program key measure the department has established for the One Stop Shop, however, the measure does not appear to address P&D's success in meeting the One Stop Shop goal. Also, data gathering activities are cumbersome. P&D should reassess the Key Result Measure for the program.

County Policy Requirements

The County's Managing for Results (MfR) policy requires the Internal Audit Department to review and report on departments' strategic plans and performance measures. The following information defines the results categories that are used in the certification process.

Definitions

Certified: The reported performance measurement is accurate ($\pm 5\%$) and adequate procedures are in place for collecting/reporting performance data.

Certified with Qualifications: The reported performance measurement is accurate ($\pm 5\%$) but adequate procedures are not in place for collecting and reporting performance data.

Not Certified:

- 1) Actual performance is not within five percent of reported performance and/or the error rate of tested documents is greater than five percent.
- 2) Actual performance measurement data could not be verified due to inadequate procedures or insufficient documentation. This rating is used when there is a deviation from the department's definition, preventing the auditor from accurately determining the performance measure result.
- 3) Actual performance measurement data was accurately calculated but not consistently posted to the public database.

Key Measure Testing

Key Measure #1: Percent of One Stop Shop actions taken within One Stop Shop targets

Results: **Not Certified**

Excluding the standard Administration and Information Technology programs, the One Stop Shop is P&D's only program with a defined key result measure. The department is still gathering data and developing reporting mechanisms to consolidate information needed for reporting this measure. However, this Key Results measure does not appear to address and accurately portray P&D's success in meeting the One Stop Shop purpose and goal.

Measure #1	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Reported	0%	0%	0%	0%
Actual	0%	0%	0%	0%

Recommendation

P&D should review the One Stop Shop Key Result measure to ensure that the measure accurately addresses and reports the intended One Stop Shop purpose.

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Department Response

AUDIT RESPONSE
Department of Planning and Development
May 2004

Issue #1: Timeliness of Building Permit Plan Review

Building permits are not issued in a timely manner due to an inefficient plan review process and inadequate management monitoring controls.

Response: Partially concur.

The department recognizes and agrees that changes to the plan review process and the implementation of improved management monitoring controls would improve service delivery efficiencies. However, the department does not concur that these inefficiencies are either the sole or primary reason for plan review times greater than Strategic Plan targets. As detailed in the department's Audit Response Supplement, significant understaffing from the inception of the One Stop Shop, due to the county's expenditure limitation and the department's inability to be granted authority to spend its full revenue stream, has been the primary reason for the department's inability to consistently meet review time targets. In addition, the department issues approximately one third of submitted building permits in a timely manner that meets customer service expectations through the Expedited Plan Review process.

Recommendation A:

Develop procedures and business rules that provide Plan Review directives and consistent methodologies, assign accountability for monitoring adherence to policies, and better define plan review functions.

Response: Concur—in process.

Additional written procedures and business rules to clarify plan review functions will be developed. This work is currently ongoing in tandem with the development and implementation of the Permits Plus Workflow module.

Target Completion Date: November 1, 2004

Benefits/Costs: Plan review functions will be better defined. Plan review staff will have a clearer understanding of their role and duties, resulting in a more efficient plan review process.

Recommendation B:

Investigate options, using the Permits Plus System, to produce management tracking and monitoring logs and reports for critical Plan Review functions. These documents should address plan reviewer and supervisor accountability, identify critical time delays, workloads and permit disposition.

Response: Concur—in process.

Development and implementation of a Workflow module for the Permits Plus System permitting application is underway to track and monitor plan review functions.

Target Implementation Date: October 1, 2004 (Phase I implementation)

Benefits/Costs: Department management will have real time information available to identify critical time delays and workload issues in order to more proactively manage permit volumes and review times.

Recommendation C:

Review the entire on-call process and determine actions to make the process more efficient, better for the customer, and less interruptive to plan reviewer productivity.

Response: Do not concur.

The department received an "A" in a countywide Internal Audit Department FY 2004 Customer Service Review, which tested initial telephone and in-person customer service.

Plan review personnel currently respond to general telephone inquiries and serve walk-in customers at the public service counter on a rotating on-call basis. These duties are part of the job responsibilities of plan review staff. Efficient response to these customer inquiries requires trained and experienced plan review personnel. Call Center and Customer Service counter personnel do not have the education or expertise to answer these public inquiries. The audit report's characterization of this duty as a "productivity loss" for plan review staff is inaccurate. Hiring and training plan review personnel to exclusively fill on-call responsibilities raises staffing, cost, and retention issues.

The department has considered placing plan review staff on-call for a week at a time, rather than on a rotating daily basis. However, it was determined that such a schedule would inhibit, rather than improve, plan review efficiencies as reviewers deferred their plan review functions and customer responses for a full week to address on-call duties.

The incorporation of additional staff hired into the on-call rotation is anticipated to alleviate pressures on individual plan reviewer productivity as the time between on-call assignments lengthens. This may serve to address these concerns.

Audit Comment: Based on P&D comments that they considered other options and are looking at additional staffing, we believe they do concur with this recommendation.

Recommendation D:

Pick up, assign, and deliver all plan review permits and revisions daily.

Response: Concur—in process.

Plan review personnel now pick up permits or revisions from the Distribution Center on a daily basis. Additional procedural improvements will be written and implemented to assign and deliver all incoming permits on a daily basis. Complete implementation is anticipated when the Workflow module becomes fully operational.

Target Completion Date: Ongoing.

Benefits/Costs: Permit submittals will be available for plan reviewers to review in a timely manner.

Issue #2: Fee Collection

The department does not always assess and collect fees for all permit work performed.

Response: Concur.

The department operates on a pay-for-service basis for building permits. Permit application fees are collected upon permit issuance. In instances where an applicant is unwilling or unable to pursue permit approval for a particular item due to sale of the property, the expense that would be incurred to revise the plans to meet applicable zoning and or building safety codes, or the like, the permit may become inactive. If the applicant does not take steps to cancel or withdraw their application, and the permit is not issued, the department may have performed review functions for which fees could be assessed. Given staffing shortages and escalating permit volumes, the department has not considered it an effective use of resources to proactively pursue the resolution of inactive permits on a consistent basis.

Recommendation A:

Develop and establish adequate controls, including system exception reports and flags, for monitoring permit fees to ensure applicable fees are assessed to all permits. Management should investigate whether fee boxes can be automatically defaulted to assess fees, with a waiver of fees requiring a supervisor approval.

Response: Partially concur.

The department will investigate all available options to automate system fees. However, the "Y/N" fee box in Permits Plus cannot be automated due to validation requirements. Not all permits require a plan review fee. The Expedited Permit program, for example, is based upon previously approved standard plans and does not involve a plan review fee. The county cannot charge a plan review fee for manufactured homes that are overseen by the State. In addition, fees are calculated by project valuation in accordance with a variable table.

A procedure will be developed and implemented to provide system exception reports to managers and supervisors on a routine basis to monitor unassessed fees due to errors involving the Permits Plus fee boxes. In addition, a procedure for quality control reports will be written and implemented to routinely sample permits to determine whether fees have been correctly assessed.

The department will also determine the feasibility of requiring the full or partial payment of plan review fees upon submittal, instead of upon permit issuance.

Target Completion Date:

System Reports: October 1, 2004

Feasibility of Upfront Plan Review Fee Collection: January 1, 2005

Benefits/Costs: These changes would allow the department to collect a higher percentage of the revenue it is owed.

Recommendation B:

Provide additional training on the Permits Plus fee/fee box process for employees to strengthen understanding and establish accountability.

Response: Concur—will implement.

Existing staff will receive additional training regarding Permits Plus fee box processes and procedures. Additional training emphasis on Permits Plus fee assessment processes will also be provided to new employees at their Permits Plus new employee orientation.

Target Completion Date: Ongoing

Existing Employee Training: June 2004 with repeated training November 2004.

New Employee Training: Ongoing

Benefits/Costs: The accuracy of permit fee assessments will be improved.

Recommendation C:

Determine how much of the \$17,600 in unassessed fees can be billed, and collect the additional fees due.

Response: Concur—in process.

The department is currently determining how much of the identified fees can be billed. Draft written correspondence has been completed and will be sent to applicable customers to collect the additional fees due.

Target Completion Date: Ongoing.

The department will send out fees due correspondence in June 2004 and follow up on an as needed basis.

Benefits/Costs: The department may be able to collect additional fees it is owed.

Recommendation D:

Management should consider researching additional permits, for a determined time period, to identify unassessed fees and recover them where possible.

Response: Concur—will implement.

Target Completion Date: October 1, 2004.

Benefits/Costs: The department may be able to collect additional fees it is owed.

Issue #3: Fee Collection on Inactive Permits

An effective system has not been established to identify and collect all fees due on inactive permits.

Response: Concur.

Recommendation A:

Develop policies and procedures for monitoring/tracking inactive permits on a regular basis, and investigate system control mechanisms to flag and report inactive accounts. The procedures should require management controls and approval in the Permits Plus system in order to reverse uncollectible fees.

Response: Concur—in process.

The department will develop and implement business rules to monitor and track inactive permits through the Permits Plus Workflow module.

Target Completion Date: October 1, 2004 for Phase I implementation

Benefits/Costs: Resolving the status of inactive permits will allow the department to maintain a more accurate database in Permits Plus and to pursue or write off uncollectible fees, as appropriate.

Recommendation B:

Research all current inactive permits to identify potential collectibles and initiate collection action to recover fees for work completed on inactive permits.

Response: Partially concur.

The department will research all 2003 inactive permits to identify potential collectibles and initiate collection action to recover fees for which the department is owed.

The department does not currently have the manpower to investigate all inactive permits from 1999 to the present to determine potential collectibles or to pursue subsequent collection procedures. Each inactive permit must be evaluated on a case-by-case basis to determine the fee amount for which the department may be eligible. It is highly unlikely that the potential benefit in new revenue received will offset the staff time and related ancillary costs incurred to pursue inactive permit fee collection for the years prior to 2003.

Target Completion Date: November 1, 2004

Benefits/Costs: The department may be able to collect fees that it is owed. The amount of money that may be able to be collected in the pursuit of inactive permit fees is unclear, however, and diminishes greatly in proportion to the duration of permit inactivity. The pursuit of inactive fee collection would necessitate an unknown, but significant, amount of manpower with both direct costs for the staff persons' time and indirect costs for the loss of overall productivity incurred in reassigning existing staff to this new function.

Recommendation C:

Notify Flood Control District (FCD) of those flood drainage clearance and engineering fees that have been unassessed and/or are uncollectible so that FCD can assess and post, or reverse fees, as applicable.

Response: Concur—will implement.

The department will provide the Flood Control District with a written Permits Plus print out of all uncollected Flood Control fees. It will be the Flood Control District's responsibility to pursue collection of these fees and/or to determine whether such fees are uncollectible. The department will provide any technical assistance with the Permits Plus system that may be needed to assist the Flood Control District.

Target Completion Date: July 1, 2004

Benefits/Costs: The Flood Control District may be able to collect fees that it is owed.

Issue #4: Travel Policies

The department does not consistently follow county travel policies.

Response: Partially concur.

The training/certification item totaling \$2495.00 that was identified in the finding was not a seminar but rather a training class leading to certification as a CISSP (Certified Information Systems Security Professional). This is the same certification held by the county Security Officer. At the time this training was scheduled it was a local presentation. This training was cancelled by the vendor and rescheduled later in the year in Las Vegas. The vendor agreed to pay for expenses associated with traveling to the training. However, the individual designated to attend this training and receive this certification had a family member who was terminally ill, which curtailed the travel of that individual. This staff member, who is now able to travel to attend, is currently scheduled to attend this five-day training in Dallas beginning June 21, 2004. By purchasing the CISSP class when the department did and not requesting a refund, the department saved \$500 on the cost of the program that is now \$2995.00.

The \$498 reimbursement for hotel expenditures has been verified and available receipts have been obtained.

The acceptance of liability insurance on rentals was made by two employees who were not aware of the coverage provided by the county. Subsequently, all employees preparing to travel are advised of this policy. On April 29, 2004, the department collected the \$20 over payment of the car rental fee, the result of misreading an "8" for a "6" on the rental receipt. In the future any receipts that cannot provide an indisputable number will be verified with the issuer of the receipt.

Recommendation A:

Request reimbursement from the vendor for unused training dollars, or use the funds, and request future reimbursement in a timely manner.

Response: Concur. Department is using the funds for rescheduled training. See explanation above regarding specific circumstances of this exception.

Recommendation B:

Consistently follow county travel policy by reimbursing employees only for expenses that are properly supported and are covered under the policy.

Response: Concur.

All employees preparing to travel will now be advised of the county's policy regarding the acceptance of liability insurance on vehicle rentals. In addition, from now on, receipts that cannot provide an indisputable number will be verified with the issuer of the receipt to ensure accuracy.

Target Completion Date: Ongoing.

Benefits/Costs: The department will ensure that only clearly documented and covered travel expenses are reimbursed.

Issue #5: Managing for Results Measure

The department's One Stop Shop Program Key Result Measure does not appear to address the department's success in meeting the One Stop Shop goal. Also, data gathering activities are cumbersome.

Response: Partially concur.

Data for our One Stop Shop Program Key Result Measure reports on 6 of the 7 measures that make up the Key Result. Currently development and implementation of a workflow module for the permitting application is underway. This module will integrate the data capture and reporting of the 7th measure. Data on the other 6 measures had been captured but had not been posted on

the EBC. This was corrected during the input of the 3rd quarter results. We have taken action to ensure reporting will be consistent. We do feel this measure addresses and portrays our purpose in meeting the One Stop Shop goal established.

Recommendation:

P&D should review the One Stop Shop Key Result measure to ensure that the measure accurately addresses and reports the intended One Stop Shop purpose.

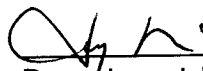
Response: Partially concur.

Data gathering activities are being evaluated and a new tool, the Workflow module in Permits Plus, is being developed to more effectively capture reporting data. The department does not concur that the measure is inaccurate. The department believes that the measure can be used to determine overall success in meeting One Stop Shop goals.

Target Completion Date: October 1, 2004 (Phase 1 implementation)

Benefits/Costs: The department will be able to effectively measure overall success in meeting One Stop Shop goals.

Approved by:


Department Head

6.10.04
Date


Chief Officer

6.10.04
Date


County Administrative Officer

6/15/04
Date



Maricopa County

Planning & Development Department

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Date: May 11, 2004
To: Ross L. Tate, County Auditor
From: Joy Rich, Planning and Development Director
Subject: Internal Audit of Planning and Development

Attached is the preliminary response to the draft audit report dated April 20, 2004. This memorandum supplements the department's preliminary formal audit response and details several departmental concerns that do not fit within the confines of the prescribed audit response format. We would like to discuss these concerns at our closing conference on Friday, May 14, 2004.

Staffing Versus Process

- **Significant understaffing is the primary reason for review time delays**

The audit's central finding is that the department does not issue building permits in a timely manner due to process inefficiencies and a lack of management oversight. While the department recognizes the need for process improvements, the department does not concur that these inefficiencies are either the sole or primary reason for plan review times greater than Strategic Plan targets. Significant understaffing from the inception of the One Stop Shop, due to the county's expenditure limitation and the department's inability to be granted authority to spend its full revenue stream, has been the primary reason for the department's inability to consistently meet review time targets.

The department submitted a supplemental budget request to the Office of Management and Budget in the fall of 2003. In it, the department demonstrated that an estimated 50% increase in full time plan review staff was necessary to address existing and estimated permit volumes. The submittal included a Benchmarking Study completed by the department that showed that the department was processing the highest volume of permits with the fewest staff of six surveyed jurisdictions, including Mesa, Phoenix, and Pima County.

The report acknowledges in its Program Operations section that the department has been understaffed since the beginning of the One Stop Shop program. It further states that such understaffing has resulted in unfavorable permit review times. Yet, the implications for processing times are not accurately or fully stated in the report's findings. The report concludes and repeatedly asserts that building permits are not issued in a timely manner due to an inefficient plan review process.

In addition, the audit report does not verify or quantify the extent to which process inefficiencies have directly affected review times. Processing inefficiencies, as far as we can determine, had a negligible impact on the permit review times detailed in the report. The report concludes that "four major factors" contributed to processing delays, but it does not explain or identify the extent to which any of these factors, such as the lack of system reports, actually increased review times. Given the department's workload, for example, it is not clear that emptying the distribution bins and assigning work daily instead of weekly or twice weekly would have done anything other than store pending work on a reviewer's desk. Lack of staff is not identified or acknowledged as a factor. This is ironic in that the report notes that workloads are, if anything, underestimated, and "exceed the production-per position volume in the original strategic plan" (p. 10).

The department recognizes the need for and is moving forward with the implementation of more effective tools to track review times and workload, as seen in the accompanying action plan. The audit findings, however, fail to place processing issues within their true context or to provide a complete picture of the challenges facing the department.

Expedited Versus Non-expedited Permits

- **One third of the department's permits are processed in a consistent, timely manner through the Expedited Permit Program**

The department issues approximately one third of its building permits in a manner that is both timely and that meets customer service expectations. Approximately 30% of the department's permits are processed in a week's time through the Expedited Permit Program. This popular program provides the opportunity for applicants to submit applications using approved, standardized plans. Participants drop off applications on their designated day of the week and return the following week to pick up the approved permits. The program guarantees a consistent review time and convenient service.

The audit report does not clearly differentiate between expedited versus non-expedited permits in its discussions of the “plan review process.” Instead, the report briefly notes that the testing “...did not include the expedited plans as that function appears adequate” (p. 7). No mention of the expedited program or its contribution to overall customer service is mentioned again. The report instead states that “P&D does not issue permits in a timely manner and the Plan Review processing cycle is not efficient” (p. 7). This generalized characterization does not offer a complete or accurate assessment of the department’s plan review functions.

The department respectfully requests that all report references to the “Plan Review” process differentiate between the expedited plan review process and the non-expedited process.

Permit Review Times

- **Actual service delivery times are not recognized**

The report’s examination of the department’s plan review process and related review times is overly simplistic, incomplete, and unnecessarily negative. The report cites test results that “revealed only 38.5 percent of submitted permit applications had been completed and issued as of 2/9/04” (p. 8). This statement appears to imply that processing inefficiencies are to blame. The report does not acknowledge that *all* of the 26 sample permits had either (1) been issued, (2) were sent written correspondence requesting revisions, or (3) had been approved by Planning & Development, but remained outstanding due to One Stop Shop *partner agency* concerns.

The report fails to recognize actual service delivery times in its review of 26 sample permit submittals. Applicants often must submit revisions and/or additional information to demonstrate compliance with regulatory requirements. Such applications may be “out to customer” for extended periods of time. As a result, the department, as well as other jurisdictions, measures service delivery on completed first review times.

The report states that “days in plan review based on the 26 permit test sample” ranged from 59 to 116 days. Our review of the same 26 permits found that Planning & Development first review times ranged from 14 to 88 days, with an average of 40 days or just under 6 weeks. All of the items shown on the audit sample chart as “in plan review” or “awaiting revisions” had been reviewed, with an average service time of 43 days.

The report also does not identify the role of One Stop Shop (OSS) partner agencies in permit review times. All applicable OSS agencies must approve an application prior to the permit being placed in “approved” status. The applicant is then notified by phone that the permit has been approved and is ready for pickup. When the applicant pays all applicable fees and receives a copy of the permit, the status of the permit is changed to “issued.”

A submittal’s status will remain “in plan review” until all OSS partner agency concerns are resolved even if the department has approved the application. The permit application, B200312916, identified as in process for 116 days, remains “in plan review” as of this report date due to unresolved Flood Control District concerns. The department approved the permit in January.

Time may also elapse between permit approval and permit issuance, depending upon when an applicant pays applicable fees and picks up the permit. As a result, a permit’s issuance date cannot be used to accurately show department service delivery times.

Inactive Permits

- **Greater context is needed in the discussion of inactive permits**

Information regarding the identification of uncollected fees on inactive permits should be presented in the context of the department’s annual revenue stream. The department’s total actual revenue between FY 1999 – 2000 and FY 2001 - 2002 exceeded an average of \$9 million dollars annually. Uncollected fee amounts during that same period, by departmental estimates, have totaled between 1% and 3% of total revenue. Such context is important in evaluating the revenue impact from uncollected fees. It also provides perspective in evaluating the costs and benefits involved in pursuing the audit report’s recommendation to research all inactive permits, identify potential collectibles, and initiate collection action.

Any review of uncollected fees to determine potential collectibles will require a case-by-case examination of permit files. This process will be consuming of both time and staff resources. The department’s significant understaffing during the sample review period should also be included to provide perspective as to the department’s allocation of resources toward the delivery of development services rather than the pursuit of uncollected fees.

It is also worth noting that the department employs a pay-for-completed-service policy regarding building permits. Fees are paid upon permit

issuance. The department does not have a billing system whereby each component of plan review that entails a fee is identified for partial billing prior to permit issuance. Given the many reasons why permits become inactive, including time involved in ancillary hearing processes to receive necessary variances or zoning approvals, maintaining a system to partially bill inactive accounts whose resolution remains pending, would involve a significant policy shift. The department has also actively investigated the ramifications of executing liens to collect uncollected fees and has found, in consultation with County Counsel, that executing liens would be neither advisable nor cost effective.

Travel Expenditures

- **The department consistently follows County travel policies**

The audit report broadly concludes that “the department does not consistently follow County travel policies” (p. 16) based on a small number of unique exceptions. One training class was postponed due to unique circumstances and has been rescheduled for June. One hotel receipt was lacking and has since been obtained. One hotel Internet receipt deemed inadequate by Internal Audit was verbally confirmed by the hotel, which stated that the Internet documentation was the only receipt available. One employee who was unaware of the County’s coverage accepted liability insurance on a rental vehicle. And in one instance, staff misread an “8” for a “6” on a rental car receipt and reimbursed for an incorrect amount.

These isolated incidences do not reflect the department’s normal procedures. Each item has been addressed or is currently being resolved. To state that the department is exposing the County “... to financial risk and potential loss” (p. 16) based on these few isolated instances seems punitive. The actual numbers of these exceptions should be stated in the report to provide a context to determine the materiality of such exceptions and the merits of a full action plan response.

Minor Factual Errors

- **Minor factual errors should be corrected**

Several minor factual errors in the report’s background section (p. 2) should be corrected, as follows:

- The county issued its first true building permit in 1975 following the adoption of a building code.

May 11, 2004

Internal Audit – Planning & Development Department

Page 6

- The report states “P&D is responsible for coordinating all public improvements ... within the County.” Actually, we permit private development improvements within the unincorporated portions of the County, as noted in our mission statement.
- Title 11 of the Arizona Revised Statutes governs the department and includes the statutory provisions of the so-called “Growing Smarter” legislation as well as the subsequent amendments to that legislation.
- The department has adopted the following building codes with AZBO/MAG amendments, and as modified in the Planning & Development Department’s Local Additions and Addenda:
 - 2000 International Building Code
 - 2000 International Residential Code
 - 2000 International Mechanical Code
 - 1999 National Electrical Code with MAG amendments
 - 1994 Uniform Plumbing Code as adopted by the State of AZ

Summary

The draft audit report in its current form does not provide an accurate assessment of the department. It is overly simplistic in several critical areas, resulting in an incomplete and unnecessarily negative report.

We respectfully request that the draft report be revised to present a more complete picture of functional areas and the challenges facing the department.

Attachment

xc: David R. Smith, County Administrative Officer



Maricopa County

Planning & Development Department

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Date: May 21, 2004
To: Ross L. Tate, County Auditor
From: Joy Rich, Planning and Development Director
Subject: Internal Audit of Planning and Development

Thank you for the opportunity to meet with audit staff on May 14th to discuss our concerns with the draft audit report dated April 20, 2004. While we were able to clarify several items, the discussion identified that conflicting viewpoints remain regarding characterizations of the plan review process. This memorandum further details the department's perspective.

One Stop Shop

- **The audit scope exceeds the boundaries of Planning and Development's current areas of control and**
- **The criteria used to evaluate the department are not consistent with the department's approved guidance documents.**

The audit report broadly states that "Plan Review process delays prevented the Planning and Development Department (P&D) from meeting customer service goals for permit turnaround time and have caused significant customer dissatisfaction"... (p. 10). Specifically, the report cites plan review times as being "excessive" and provides tabled information as to the length of time selected application submittals are in process.

P&D was made aware on May 14, 2004, that Internal Audit's scope included evaluation of all One Stop Shop agency review times against the criteria of the originally-established One Stop Shop (OSS) goals. While P&D recognizes its role as the lead interface for the OSS program, the department had understood the audit to review P&D's contribution to OSS and not the program as a whole. In addition, the department's approved Strategic Plan goal is to "complete One Stop Shop implementation (including all reengineering efforts and technology deployment) during FY 2005/2006." In its critique of turnaround time performance, the audit assessment assumes full OSS implementation as of 2003.

Audit staff clarified that the intent of the audit assessment was to evaluate *all* plan review processing time from application to permit issuance. By assuming full OSS program implementation and by including all time involved in a plan review, the audit report establishes implicit performance criteria that is not consistent with the department's Strategic Plan or the Board of Supervisor-approved OSS Program.

The Maricopa County Board of Supervisors and the Board of Directors of the Flood Control District of Maricopa County approved a Joint Resolution on April 21, 1999, to establish and maintain the Maricopa County One Stop Shop Program. This resolution designated Planning & Development as the lead agency with "...overall authority to coordinate, facilitate and provide oversight to the Maricopa County One Stop Shop Program."

Each participating county agency, however, retained its regulatory review authority and remains responsible for its own plan review process. P&D was given the responsibility to grant final approval for the issuance of a Final Permit Clearance, but, as agreed, "Final Permit Clearance shall be conditioned on, and subject to, the express prior approval of the various agencies, departments and districts of Maricopa County listed above which have regulatory or approval responsibilities for any aspect of the project or improvement addressed in the application."

By including all time involved in the plan review process, the audit assessment shifts responsibility for OSS participating agency review times to P&D. In at least two of the reviewed case examples, participating agency concerns have prevented the issuance of building permits as of this report date.

In addition, by including all time from submittal to issuance in its evaluation, the report makes P&D accountable for the quality of submittals, the time necessary for customers to respond to written requests for revisions, and the time it takes for an applicant to pay for and be issued their permit once they have been informed that the permit has been approved. These factors are beyond the control of P&D.

It is also worth noting that, since the turnaround times deemed inadequate by Internal Audit include delays due to information needed by other agencies and customer inaction of which P&D has no control, it is unclear that modifications to the plan review process, as recommended by audit, will substantively improve review times or adequately address cited delays.

Internal Audit's unwritten performance expectations should be clearly disclosed in the audit report. The report should be revised to plainly state that it is evaluating the One Stop Shop program prior to its anticipated full implementation target of FY 2005/2006 and that, as lead agency, P&D is being held accountable for all aspects related to plan review times, including time for a customer to resubmit materials, improve the quality of a submittal, and time pending the approval of other OSS agencies.

Summary

The draft audit report in its current form does not provide an accurate assessment of the department. The audit scope exceeds Planning and Development's areas of control and the assessment criteria conflicts with approved departmental guidance documents.

Attachment

xc: David R. Smith, County Administrative Officer